

Message Text

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ACTION AGR-08

INFO OCT-01 EUR-12 ISO-00 EB-07 CIAE-00 INR-05 NSAE-00

RSC-01 EA-06 SWF-01 /041 W
----- 106506

R 051855Z DEC 74

FM AMEMBASSY OTTAWA

TO SECSTATE WASHDC 5145

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E.O. 11652: N/A

TAGS: EAGR CA

SUBJECT: GRAIN EXPORTS TO PRC, CY 1974 AND CY 1975

PASS AGRICULTURE FOR NOVOTNY

FOL HONG KONG 13159 SENT ACTION OTTAWA CANBERRA BUENOS AIRES

DEC 5 BEING REPEATED FOR YOUR ACTION/INFO:

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FOR AGRICULTURAL ATTACHES FROM AGRICULTURAL OFFICER

E.O. 11652: N/A

TAGS: EAGR, ETRD, CH, AR, AS, CA

SUBJECT: GRAIN EXPORTS TO PRC, CY 1974 AND CY 1975

SUMMARY: SEVERAL RECENT DEVELOPMENTS INCLUDING FOREIGN EXCHANGE
LIMITATIONS, THE OUTLOOK FOR A RECORD HARVEST AND PORT CON-
GESTION ARE BELIEVED RESPONSIBLE FOR A SLOWDOWN IN
PRC'S CY 1974 GRAIN IMPORTS (AS WELL AS OTHER IMPORTS).
IN ATTEMPTING ASSESS IMPACT ON BALANCE OF
PAYMENTS THIS YEAR AND OUTLOOK FOR FY 1975,
CONGEN REQUIRES BETTER FIX ON PRC'S
IMPORTS FROM MAJOR GRAIN EXPORTING COUNTRIES
THAN CURRENTLY AVAILABLE HERE. WOULD APPRECIATE LATEST AVAILABLE
DATA ABOUT YOUR COUNTRY'S GRAIN EXPORTS TO PRC. END SUMMARY

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1. CONGEN IS ATTEMPTING IMPROVE ON ESTIMATES, ON CALENDAR-YEAR BASIS, OF TOTAL PRC GRAIN IMPORTS FOR CY 1974 AND OUTLOOK FOR IMPORTS IN CY 1975. ESTIMATING ON CALENDAR-YEAR BASIS HAS BEEN MADE EVEN MORE DIFFICULT BECAUSE OF SEVERAL RECENT DEVELOPMENTS, INCLUDING HTE FOLLOWING:

(A) POSTPONEMENT OF DELIVERY UNTIL MARKETING YEAR (MY) 1975-76 OF MORE THAN 600,000 METRIC TONS (MYATQH OF US WHEAT WHICH ORIGINALLY HAD BEEN SCHEDULED FOR DELIVERY IN MY 1974-75.

(B) VANCOUVER PORT STRIKE WITH CONSEQUENT SHIPPING DELAYS HAS SLOWED SCHEDULED SHIPMENTS OF CANADIAN WHEAT TO PRC TO EXTENT NOT KNOWN HERE. THUS IT IS HIGHLY DOUBTFUL THAT THE 3.0 MILLION M.T. ORIGINALLY SCHEDULED FOR SHIPMENT IN CY 1974 WILL BE SHIPPED BY DECEMBER 31, 1974. PERHAPS ONLY 2.5 MILLION M.T. WILL GO?

(C) ORIGINALLY SCHEDULED VISIT OF AUSTRALIAN WHEAT BOARD MEMBERS TO PRC THIS FALL WAS POSTPONED AT PEKING'S REQUEST. ALSO, AG OFFICER CONSIDERS IT UNLIKELY THAT ENTIRE 1.3. MILLION M.T. OF WHEAT ESTIMATED FOR DELIVERY IN CY 1974 WILL IN FACT BE SHIPPED.

(D) ARGENTINA-PRC AGREEMENT OF DECEMBER 14, 1974 CALLED FOR DELIVERY OF 3.0 MILLION M.T. GRAIN TO PRC DURING 3-YEAR PERIOD, CY 1974-76, WITH ADDITIONAL SHIPMENT OF 200,000 M.T. CORN IN JANUARY-MARCH 1974. MAIN QUESTION IS BREAKDOWN OF ESTIMATED 1.0 MILLION M.T. (ONE-THIRD OF TOTAL) WHICH MIGHT BE SCHEDULED FOR CY 1974 SHIPMENT; I.E., HOW MUCH CORN, HOW MUCH WHEAT? COMPLICATING THIS IS AG OFFICER OPINION THAT POSSIBLY 500,000 M.T. OF ESTIMATED 1.0-1.2 MILLION M.T. BELIEVED SCHEDULED FOR CY 1974 DELIVERY IN FACT IS SCHEDULED FOR DELIVERY TO NORTH KOREA ON PRC ACCOUNT. (THIS WOULD BE IN ADDITION TO DIRECT SALES OF ARGENTINE GRAIN TO NORTH KOREA.) HOWEVER, RECENT AG OFFICER CONVERSATION WITH GRAIN TRADER WHO HAD JUST VISITED NORTH KOREA REVEALED THAT NORTH KOREA HAS RECORD GRAIN CROP THIS YEAR (NEARLY 1 MILLION MMT. ABOVE 1973) AND PROBABLY HAS APPROX 1.0 MILLION M.T. OF RICE AVAILABLE FOR EXPORT. QUESTION IS HOW MUCH "PRC" GRAIN ACTUALLY WENT TO NORTH LIMITED OFFICIAL USE

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KOREA THIS YEAR AND HOW MUCH TO PRC.

2. TO ASSIST CONGEN RCGLVLLING THESE INFORMATION GAP IT WOULD BE MOST HELPFUL IF AG ATTACHES IN ADDRESSEE POSTS COULD CHECK WITH HOST GOVERNMENT AND GRAIN TRADE CONTACTS TO OBTAIN FOLLOWING DATA, WHEREVER POSSIBLE:

(A) ACTUAL EXPORTS TO PRC OF WHEAT AND CORN FROM JANUARY 1974 THROUGH LATEST MONTH DATA AVAILABLE.

(B) BEST ESTIMATE OF TOTAL GRAIN EXPORTS TO PRC IN CY 1974

(CRON AND WHEAT).--

C) OUTLOOK (ESTIMATE) FOR CY 1975 GRAIN EXPORTS
TO PRC.

3. NOTE: WHILE DATA BY QUANTITY IS OF PRIME INTEREST, WOULD ALSO
APPRECIATE ANY PRICE OR VALUE DATA AVAILABLE, OR ESTIMATES. THIS
WOULD BE USEFUL PARTICULARLY BECAUSE OF RECENT RETRENCHMENT AND
POSTPONEMENT IN PRC PURCHASES WHICH IS BELIEVED IN PART TO BE
RESULT OF TIGHT FOREIGN EXCHANGE POSITION.

4. OTHER FACTORS ALSO BELIEVED CONTRIBUTING TO SLOWDOWN IN PRC
GRAIN IMPORTS INCLUDE:

(A) PROBABLE RECORD GRAIN HARVEST THIS YEAR IN EXCESS OF
250 MILLION M.T. (PROBABLY APPROACHING 260 MILLION
M.T.).

(B) LACK OF STORAGE FACILITIES BECAUSE OF RECORD HARVEST;
AND

(C) CONGESTION IN MAJOR GRAIN-HANDLING PORTS WHICH HAS LED
TO COSTLY DEMURRAGE PROBLEMS

5. WE WILL SEND AG ATTACHES A SUMMARY CABLE WHEN ALL REPLIES
ARE RECEIVED AND ANALYZED. ALSO, IN ANY CABLES ON HOST COUNTRY
GRAIN TRADE WITH THE PRC WHICH MAY BE SENT BY AG ATTACHES TO
FAS/W, CONGEN HONG KONG WOULD APPRECIATE RECEIVING AS INFO
ADDRESSEE.

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Message Attributes

Automatic Decaptioning: X
Capture Date: 01 JAN 1994
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: EXPORTS, GRAINS
Control Number: n/a
Copy: SINGLE
Draft Date: 05 DEC 1974
Decaption Date: 01 JAN 1960
Decaption Note:
Disposition Action: RELEASED
Disposition Approved on Date:
Disposition Authority: garlanwa
Disposition Case Number: n/a
Disposition Comment: 25 YEAR REVIEW
Disposition Date: 28 MAY 2004
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1974OTTAWA03966
Document Source: CORE
Document Unique ID: 00
Drafter: n/a
Enclosure: n/a
Executive Order: N/A
Errors: N/A
Film Number: D740355-0025
From: OTTAWA
Handling Restrictions: n/a
Image Path:
ISecure: 1
Legacy Key: link1974/newtext/t19741258/aaaabxhv.tel
Line Count: 143
Locator: TEXT ON-LINE, ON MICROFILM
Office: ACTION AGR
Original Classification: LIMITED OFFICIAL USE
Original Handling Restrictions: n/a
Original Previous Classification: n/a
Original Previous Handling Restrictions: n/a
Page Count: 3
Previous Channel Indicators:
Previous Classification: LIMITED OFFICIAL USE
Previous Handling Restrictions: n/a
Reference: n/a
Review Action: RELEASED, APPROVED
Review Authority: garlanwa
Review Comment: n/a
Review Content Flags:
Review Date: 15 APR 2002
Review Event:
Review Exemptions: n/a
Review History: RELEASED <15 APR 2002 by boyleja>; APPROVED <23-Aug-2002 by garlanwa>
Review Markings:

Declassified/Released
US Department of State
EO Systematic Review
30 JUN 2005

Review Media Identifier:
Review Referrals: n/a
Review Release Date: n/a
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
Secure: OPEN
Status: NATIVE
Subject: GRAIN EXPORTS TO PRC, CY 1974 AND CY 1975 PASS AGRICULTURE FOR NOVOTNY
TAGS: EAGR, CA
To: STATE
Type: TE
Markings: Declassified/Released US Department of State EO Systematic Review 30 JUN 2005